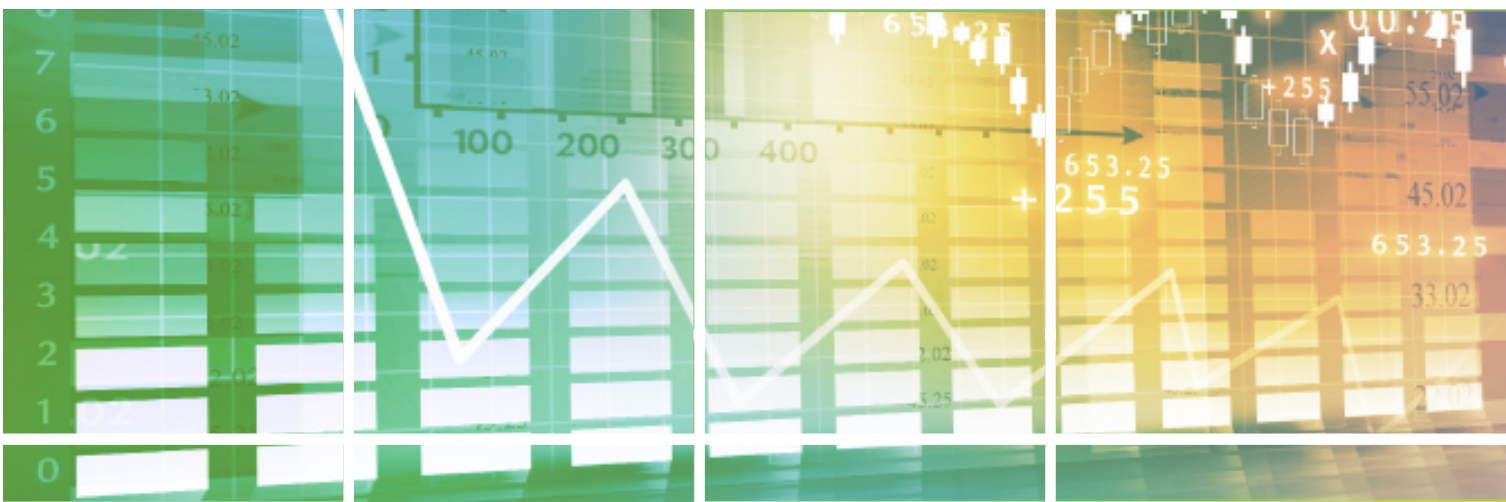


Report to the Governor and the General Assembly of Virginia

# State Spending: 2019 Update



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## Abbreviations

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ABC	Virginia Alcoholic Beverage Control Authority
CNU	Christopher Newport University
CSA	Children's Services Act
CWM	College of William & Mary
DBHDS	Department of Behavioral Health & Developmental Services
DBVI	Department for the Blind & Vision Impaired
DEQ	Department of Environmental Quality
DCJS	Department of Criminal Justice Services
DGS	Department of General Services
DHCD	Department of Housing & Community Development
DHRM	Department of Human Resource Management
DJJ	Department of Juvenile Justice
DLS	Division of Legislative Services
DMA	Department of Military Affairs
DMAS	Department of Medical Assistance Services
DMV	Department of Motor Vehicles
DOA	Department of Accounts
DOC	Department of Corrections
DOE	Department of Education
DPB	Department of Planning & Budget
DRPT	Department of Rail & Public Transportation
DSS	Department of Social Services
DVS	Department of Veterans Services
ELECT	Department of Elections
EVMS	Eastern Virginia Medical School
GMU	George Mason University
JMU	James Madison University
LU	Longwood University
NSU	Norfolk State University
OAG	Office of the Attorney General

ODU..... Old Dominion University  
RU .....Radford University  
SBSD ..... Department of Small Business & Supplier Diversity  
SCC..... State Corporation Commission  
SCHEV .....State Council of Higher Education for Virginia  
UMW .....University of Mary Washington  
UVA..... University of Virginia  
UVA-W.....University of Virginia’s College at Wise  
Virginia529..... Virginia 529 College Savings Plan  
Va Tech..... Virginia Tech  
VEC .....Virginia Employment Commission  
VEDP .....Virginia Economic Development Partnership  
VITA.....Virginia Information Technologies Agencies  
VMRC ..... Virginia Marine Resources Commission  
VCCS.....Virginia Community College System  
VCU ..... Virginia Commonwealth University  
VDH.....Virginia Department of Health  
VDOT .....Virginia Department of Transportation  
VMFA..... Virginia Museum of Fine Arts  
VMI ..... Virginia Military Institute  
VPA..... Virginia Port Authority  
VRS ..... Virginia Retirement System  
VSP ..... Virginia State Police  
VSU..... Virginia State University

# State Spending: 2019 Update – Summary

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## WHAT WE FOUND

- Virginia’s budget was \$58.2 billion in FY19. Three agencies—DMAS, DOE, and VDOT—received nearly half of total appropriations, and two agencies—DMAS and DOE—received just over half of general fund appropriations.
- Over the past decade, Virginia’s operating budget increased by 5.2% per year, on average. This equated to a total growth rate of 57% between FY10 and FY19. This growth was primarily due to growth in non-general fund appropriations (5.8% per year, on average). The general fund budget grew at a slower rate (4.2% per year, on average).
- Adjusted for growth in population and inflation, the total budget grew by an average of 2.6% per year during the 10-year period, with the non-general fund budget increasing by 3.2% per year and the general fund budget increasing by 1.6% per year, on average.
- The majority of budget growth was concentrated in a few agencies and programs between FY10 and FY19. Ten agencies (out of 147) accounted for 69% of total budget growth with DMAS and VDOT accounting for 44%. Nine budget programs within the core functions of health care, education, and transportation accounted for 64% of total budget growth.
- General fund budget growth was even more concentrated by agency and program. One agency—DMAS—was responsible for 39% of general fund budget growth due to growth in appropriations for the Medicaid program.
- Some agencies have had very large percentage increases in general fund appropriations since FY10, but—with the exception of DMAS and DBHDS—many of these agencies are quite small.

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## WHY WE DID THIS STUDY

The Code of Virginia requires the Joint Legislative Audit and Review Commission (JLARC) to produce an annual report on growth in state spending over the previous 10 years, identify the largest and fastest-growing functions and programs in the budget, and analyze long-term trends and causes of spending in these programs. (See Appendix A.)

Prior reports reviewed spending and budget growth for all the previous 10-year periods between FY1981 and FY18. This report is the 19th in the series and focuses on trends in the state’s operating budget during the past 10 years, from FY10 through FY19.

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# State Spending: 2019 Update

## FY10–FY19

Through the budget, the General Assembly directs money from different sources to a variety of state functions and programs. Virginia’s budget is perhaps the state’s most important statement of policies and priorities. State spending can occur only through appropriations made by the General Assembly. Factors that affect the budget include the state’s fiscal condition, population growth, inflation, and other economic changes.

The Joint Legislative Audit and Review Commission (JLARC) produces a report each year on Virginia state spending over the previous 10-year period. (See Appendix A.) The report identifies the largest and fastest-growing agencies and programs in the state budget and analyzes long-term changes in state spending. This year’s report focuses on state budget trends from FY10 to FY19 and identifies factors that appear to influence these trends.

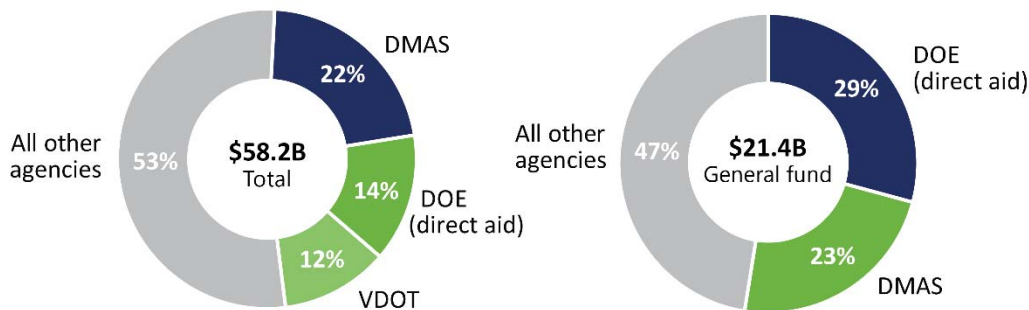
This report does not address the merits or adequacy of funding for government agencies or programs. Budget growth may change for a variety of reasons. The growth reported here reflects the budget climate from economic, policy, historical, and technical perspectives during the 10-year period.

### Virginia’s budget was \$58.2 billion in FY19

In FY19, Virginia’s budget totaled \$58.2 billion and included 147 agencies and 205 programs. Appropriation amounts were concentrated in a small number of agencies that focus on core government activities, such as Medicaid, K–12 education, and highway construction and maintenance. Three agencies received nearly half of total appropriations in FY19, and two agencies received just over half of general fund appropriations (Figure 1). Appropriations also were concentrated in a small number of programs. Ten programs received 66% of total appropriations in FY19 (Table 1). General fund appropriations were even more concentrated, with 10 programs accounting for 79% of general fund appropriations. Four of the top 10 programs in general fund appropriations were also among the top 10 programs for total appropriations.

The state’s budget classification system classifies all state appropriations by program. The program classification is designed for planning and analysis of the state budget by activity or function. Some programs fall under a single agency, and others are distributed across multiple agencies. Through analysis of program categories, policymakers can develop a broader understanding of how funds are spent, regardless of which agency spends them.

**FIGURE 1**  
A small number of agencies received half of total and general fund appropriations (FY19)



SOURCE: Chapter 854, 2019 Acts of Assembly.

NOTE: See Appendix C for more information on the top 10 agencies that received appropriations (total, general fund, and non-general fund) in FY19. Numbers may not sum because of rounding.

**TABLE 1**  
**10 programs with the largest total and general fund appropriations (FY19)**

<b>Total appropriations</b>			
<b>Rank</b>	<b>Program name</b>	<b>Total (\$M)</b>	<b>% of total</b>
1	Medicaid program services	\$11,854.9	20%
2	State education assistance programs	6,973.3	12
3	Higher ed: Education & general (E&G) services	5,141.2	9
4	Highway construction programs	2,907.2	5
5	State health services <sup>a</sup>	2,453.6	4
6	Personnel management services <sup>b</sup>	2,239.5	4
7	Highway system maintenance & operations	1,978.9	3
8	Higher ed: Auxiliary enterprises	1,794.9	3
9	Higher ed: Financial assistance for E&G services	1,722.2	3
10	Operation of secure correctional facilities	1,084.8	2
<b>Top 10 programs, subtotal</b>		<b>\$38,150.4</b>	<b>66%</b>
<b>Other programs, subtotal</b>		<b>\$20,091.8</b>	<b>34%</b>
<b>Total operating budget</b>		<b>\$58,242.2</b>	<b>100%</b>

<b>General fund appropriations</b>			
<b>Rank</b>	<b>Program name</b>	<b>Total (\$M)</b>	<b>% of total</b>
1	State education assistance programs	\$6,226.5	29%
2	Medicaid program services	4,875.3	23
3	Higher ed: E&G services	1,598.2	7
4	Operation of secure correctional facilities	1,023.3	5
5	Personal property tax relief program	950.0	4
6	Bond and loan retirement and redemption <sup>c</sup>	735.2	3
7	Financial assist. for sheriffs' offices and regional jails	464.5	2
8	Pre-trial, trial, and appellate processes	431.0	2
9	Financial assistance for health services <sup>d</sup>	371.4	2
10	Revenue cash reserve <sup>e</sup>	342.7	2
<b>Top 10 programs, subtotal</b>		<b>\$17,018.2</b>	<b>79%</b>
<b>Other programs, subtotal</b>		<b>\$4,424.8</b>	<b>21%</b>
<b>Total general fund budget</b>		<b>\$21,443.0</b>	<b>100%</b>

SOURCE: Chapter 854, 2019 Acts of Assembly.

<sup>a</sup> Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS. <sup>b</sup> Includes services for employee compensation, health benefits, insurance, retirement, and other human resource services. <sup>c</sup> Includes debt service payments for capital lease payments and general obligation and other bonds. <sup>d</sup> Includes funding for services provided by community services boards. <sup>e</sup> Created by the General Assembly in 2018 for the deposit of funds not otherwise obligated or required to be deposited in the Revenue Stabilization Fund to offset budget shortfalls.

## Virginia’s budget has grown 5% per year since FY10

Virginia’s total budget grew 5.2% per year, on average, between FY10 and FY19 (Figure 2). This equated to a total growth rate of 57% over the 10-year period. This growth was primarily due to growth in the non-general fund budget, which grew by 5.8% per year, on average, or 64% over the 10-year period. The non-general fund budget grew the most between FY18 and FY19 (14% or \$4.6 billion) primarily because of increased funding for the Medicaid program and for road construction and repair projects. Some of the changes to the total and non-general fund budgets also reflect a policy decision to include a specific appropriation for internal service funds in the non-general fund budget starting in FY15.

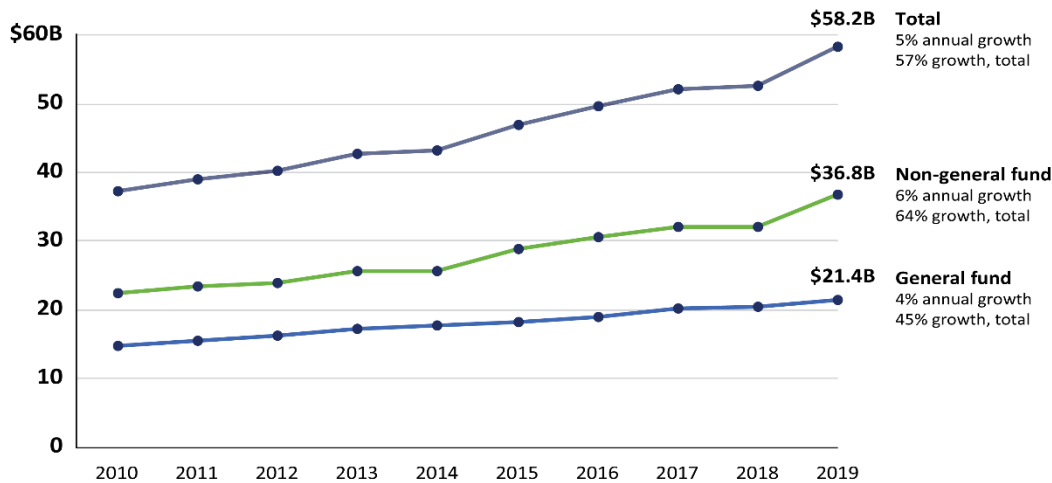
The state general fund budget grew at a slightly slower rate than the total and non-general fund budgets, growing 4.2% per year, on average (45% total growth) between FY10 and FY19. This rate, however, is higher than the 2.7% average annual growth rate for the general fund budget reported in the 2018 State Spending Update (26% total growth). The 2018 report covered the time period between FY09 and FY18, and general fund appropriations declined between FY09 and FY10 during the Great Recession. General fund appropriations have generally experienced annual growth rates of 3% or more since FY10, the beginning of the time period covered in this report, and grew by 4.9% between FY18 and FY19.

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Some agencies operate **internal service funds** to recoup costs incurred when performing services or procuring goods for other agencies. In FY15, the budget was changed so that internal service fund agencies began receiving appropriations for the cost of goods and services provided to other agencies. This change was implemented to improve transparency. See Appendix E for information on growth in internal service fund appropriations since FY15.

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**FIGURE 2**  
Total appropriations grew by 5.2% per year, but general fund appropriations grew more slowly (FY10–FY19)



SOURCE: Appropriation Acts, 2010–2019.

NOTE: See Appendix D for more detail on spending and growth by year. Appropriations not adjusted for inflation.

## Adjusted for inflation and population, total budget grew 2.6% per year

Because economic and demographic factors such as inflation and population affect Virginia’s budget, it is important to account for these factors to better represent Virginia’s budget growth. Inflation increased by 1.7% per year, on average, between FY10 and FY19

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**General fund revenues and appropriations** are intended for the general purposes of government and are not dedicated or restricted to a specific use. These funds are of particular interest to the public and budget decision makers as they come primarily from statewide taxes, such as income and sales taxes.

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**General fund appropriations have declined** five times since FY1981: FY1992, FY2002, and FY2008–FY2010. FY2008–FY2010 was the first time since the early 1960s that the general fund declined in two or more consecutive years.

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(Table 2), which means that Virginia’s budget needed to grow by at least that amount per year to have the same purchasing power over time. Adjusted for inflation using the consumer price index (CPI), Virginia’s total operating budget increased by 3.3% per year between FY10 and FY19. The general fund budget increased by 2.4% per year, and the non-general fund budget by 3.9% per year, on average, between FY10 and FY19 (Figure 3).

**TABLE 2**  
**Key demographic and economic changes in Virginia, 2010–2019**

Indicator	2010	2019	% change 2010–2019	
			Total	Annual average
<b>Population</b>				
Total	8,025,514	8,563,070 <sup>a</sup>	6.7%	0.8%
Ages 65 and over	983,570	1,360,480 <sup>a</sup>	38.3	3.5
Under 18 years old	1,854,879	1,870,694 <sup>a</sup>	0.9	0.1
Living in poverty	861,969	903,102 <sup>a</sup>	4.8	0.6
<b>Economy</b>				
Inflation (Consumer Price Index) <sup>b</sup>	100.0	117.5	17.5	1.7
Virginia GDP (\$B)	\$415.6	\$550.0	32.3	3.2
Total employment (non-farm, June)	3,686,100	4,045,900	10.2	0.9
Total state personal income (\$B)	\$348.8	\$470.4	39.5	3.6
Median home sales price (June)	\$239,900	\$313,000	30.5	3.1
Average weekly wages	\$945	\$1,113 <sup>a e</sup>	17.8	2.1
<b>State finances<sup>c</sup></b>				
State operating budget (\$B)	\$37.2	\$58.2	56.7	5.2
State general fund budget (\$B)	\$14.8	\$21.4	45.0	4.2
Total number of state employees (salaried) <sup>d</sup>	101,516	107,889	6.2	0.3
Median state employee salary	\$37,432	\$47,026	25.6	2.3
Taxable sales (\$B)	\$86.4	\$106.1 <sup>e</sup>	22.8	2.4

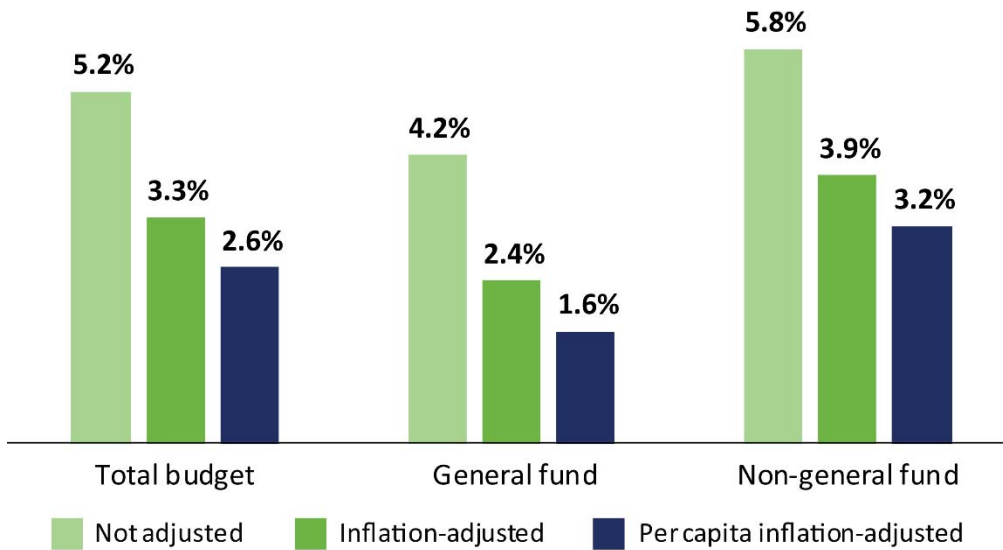
SOURCE: U.S. Census Bureau; Bureau of Economic Analysis; Bureau of Labor Statistics; various state agencies; Virginia Association of Realtors.  
NOTE: Dollars not adjusted for inflation.

<sup>a</sup> Estimated. <sup>b</sup> 2010 CPI rebased to 100. <sup>c</sup> On a fiscal year basis unless otherwise noted. <sup>d</sup> Includes salaried faculty at higher education institutions. <sup>e</sup> 2018.

As the population grows so does the need for state services. Adjusted for both inflation and population growth, the total budget increased by 2.6% per year; general fund appropriations increased by 1.6% per year; and non-general fund appropriations increased by 3.2% per year, on average (Figure 3). Changes in the number of older residents, school-age children, and low-income residents particularly affect the demand for state services and state spending because these groups typically require more services than the general population. The number of Virginians 65 years of age and older grew more than four times faster than the general population between FY10 and FY19 (Table 2). In contrast, the number of Virginians under 18 years of age remained about the same.

**FIGURE 3**

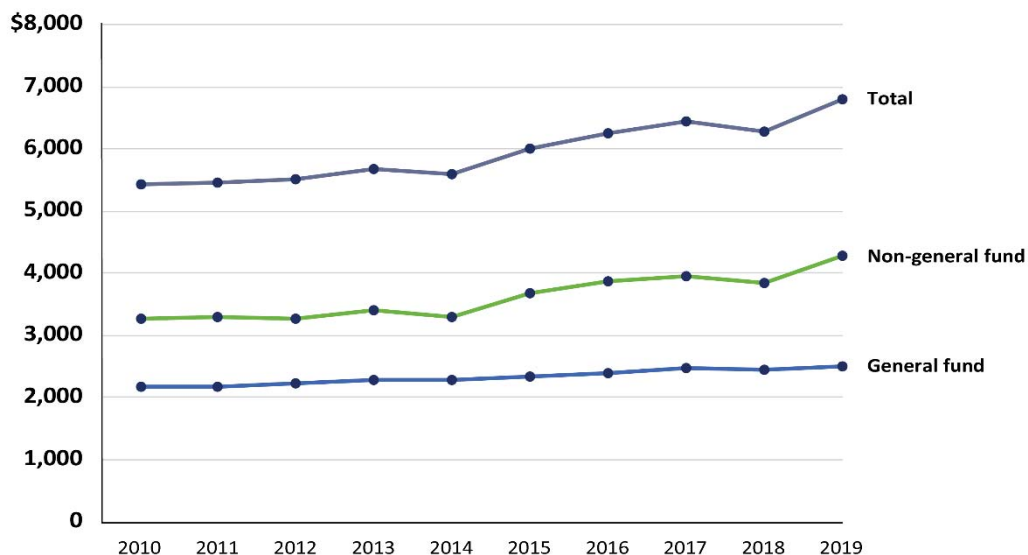
**Average annual change in appropriations adjusted for inflation and population growth, FY10–FY19**



SOURCE: Appropriation Acts, 2010–2019; U.S. Census Bureau; Bureau of Labor Statistics.

Adjusted for population and inflation, Virginia’s budget generally increased each year during the 10-year period (Figure 4). The largest increase was between FY18 and FY19 when non-general fund budget growth (14.4% unadjusted) was substantially higher than inflation (1.7%). This increase immediately followed a decrease in the per capita inflation-adjusted total, general, and non-general fund budgets between FY17 and FY18. This decrease was because of higher-than-average growth in inflation (2.8%) and lower-than-average growth in total (0.8%), general fund (1.7%), and non-general fund (0.3%) appropriations.

**FIGURE 4**  
Adjusted for inflation and population, Virginia’s total budget generally increased each year, with the largest increase between FY18 and FY19



SOURCE: Appropriation Acts, 2010–2019; U.S. Census Bureau; and U.S. Bureau of Labor Statistics.

NOTE: Average annual growth. Changes to the total and non-general fund budgets reflect a budgetary decision, starting in FY15, to include specific appropriations for internal service funds.

This Virginia state spending report, published annually by JLARC, focuses on final operating appropriations, excluding capital spending.

JLARC also publishes *Virginia Compared with the Other States*, which features comparisons of expenditures, including capital spending. <http://jlarc.virginia.gov/v-a-compared-landing.asp>

Virginia’s spending growth was above the 50-state average between FY08 and FY17, the most recent years for which comparable data is available. Virginia ranked 12th among the 50 states in per capita inflation-adjusted spending growth (*Virginia Compared to the Other States*, JLARC 2019). Virginia’s growth rate (15.7%) was also higher than most other states in the Southeast region, with the exception of Arkansas (25%) and Kentucky (20%).

### Economic growth affects revenue available for the budget

Virginia’s GDP, total personal income, and employment levels increased between FY10 and FY19 (Table 2). As Virginia’s employment and personal income levels grow, state general fund revenues, comprised mostly of income and sales tax revenues, also grow. Annual general fund appropriations have also closely mirrored annual Virginia GDP over time and have been 3.9% of Virginia GDP, on average, since FY1997.

Virginia’s economic growth, however, was lower than the nation’s growth during the 10-year period for several key economic measures.

- **Virginia GDP** grew at a slower rate (1.4% annual average) than national GDP (2.2% annual average) between 2010 and 2019, adjusted for inflation.
- **Virginia’s labor force** grew less (0.9% annual average) than the nation’s (1.5% annual average) between 2010 and 2019.

- **Virginia’s personal income per capita** grew less (1.2% annual average) than the nation’s (1.8% annual average) between 2010 and 2019, adjusted for inflation.

Since 2017, Virginia’s income and GDP growth rates have more closely mirrored national growth rates. However, Virginia’s labor force and income growth rates were much lower than the nation’s labor force and income growth rates in 2013 and 2014, and Virginia’s GDP growth rate was much lower than national GDP between 2014 and 2015. Virginia’s lower economic growth affected growth in general fund spending, which experienced lower than average growth rates in FY14 and FY15. This lower economic growth is due in part to reductions in federal spending, which contributed to lower employment and income growth.

### **Policy decisions and program growth affect budget trends**

State policy decisions affect Virginia’s budget growth and how the budget is allocated across agencies and budget programs. For example, the state expanded Medicaid to parents and childless adults with income up to 138 percent of the federal poverty level. This expansion increased total appropriations for the Medicaid program by \$1.1 billion in FY19. Non-general fund appropriations increased because Virginia received increased federal funding and began collecting new funding through a provider assessment on hospitals to fund expansion. Medicaid expansion did not become effective until January 1, 2019, therefore the full impact of Medicaid expansion on the state budget will not be realized until FY20.

Several major policy decisions affect the general fund budget. For example, \$382 million in general funds was provided over FY15 and FY16 to help pay down unfunded pension liabilities in the Virginia Retirement System. Other funding, such as the state’s share of the Standards of Quality payments to public schools, is driven by a formula set in the Virginia Constitution or statute.

Virginia’s policy decision to reserve revenue in years of above-average revenue growth also affects the general fund budget. As of FY19, the total amount in reserves was \$792 million (Figure 5). The Revenue Stabilization (rainy day) Fund was established in the early 1990s to provide a reserve of funds in the event of deficiencies in state revenue collection in a given year. Each year general fund revenue collections are evaluated to determine if surplus revenues exist, and if so, the portion to be obligated to the fund based on a formula (Constitution of Virginia, Article X Section 8; Code of Virginia § 2.2-1829). In some years, no appropriations from the general fund are made.

Four deposits to the revenue stabilization fund occurred between FY10 and FY19 (Figure 5), based on surplus revenues in previous years. The largest deposit totaled \$606 million in FY17, representing more than half the growth in general fund appropriations between FY16 and FY17. Five withdrawals from the fund were made to offset general revenue declines during the period, reducing the amount of spending reductions that otherwise would have been necessary.

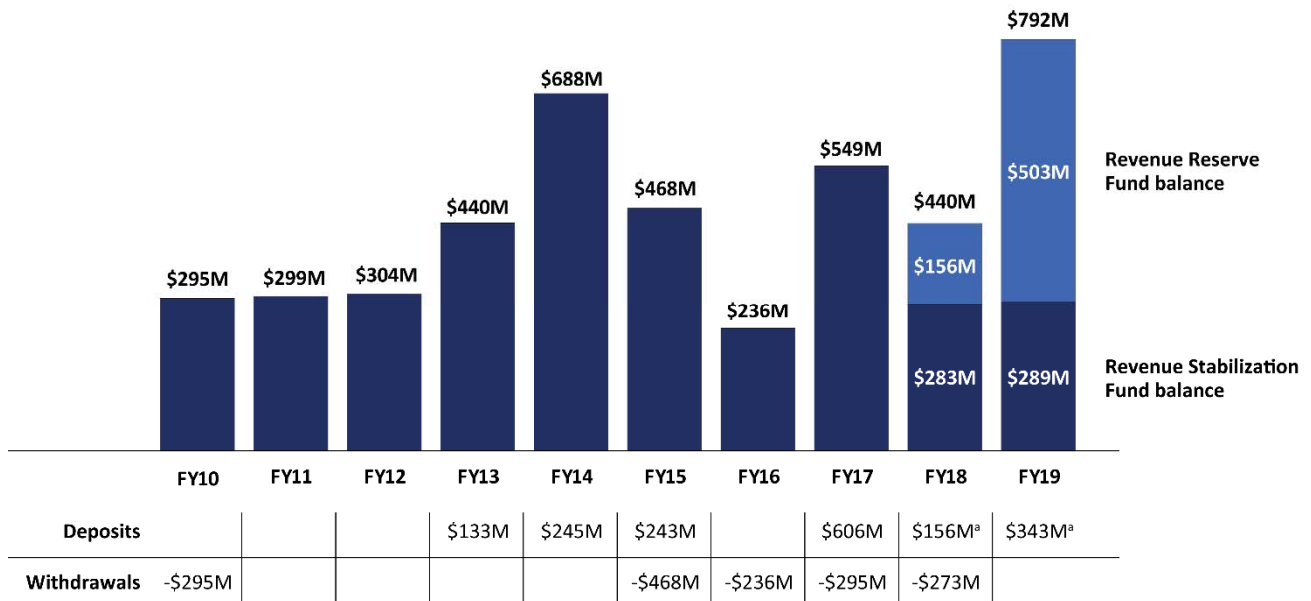
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In total **federal spending** per capita, Virginia ranked 11th among the states in federal fiscal year 2017, the most recent year for which data is available.

A large share of federal government spending occurs in Virginia because of its proximity to Washington, D.C., and the large military presence in the state.

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**FIGURE 5**  
**Revenue in reserves totaled \$792 million as of FY19**



SOURCE: Secretary of Finance presentations to the Senate Finance, House Appropriations, and House Finance Committees; Department of Accounts Preliminary General Fund Annual Reports; and Appropriation Acts, 2010–2019.

NOTE: Fund balance figures are adjusted for deposits, withdrawals, and interest earned at end of fiscal year.

<sup>a</sup>Revenue Reserve Fund deposits. All other deposits and withdrawals were to/from the Revenue Stabilization Fund.

In 2018, the General Assembly appropriated general funds to an additional reserve fund, the Revenue Reserve Fund, for excess revenue that does not have to be committed to the Revenue Stabilization Fund or other funds. The general fund appropriation to this fund was \$156 million in FY18 and \$343 million in FY19, representing more than a third of the growth in general fund appropriations between FY17 and FY19.

Program growth, which also affects budget growth, can occur over time for a variety of reasons, including policy changes and changes to the population served. For example, Medicaid enrollment grew 48% (from 863,672 to 1,277,241 average monthly enrollees) between FY10 and FY19. Funding for the program is largely enrollment driven, and the Medicaid program also experienced the largest growth amount in total appropriations during the 10-year period.

About \$6.3 billion in Recovery Act funds were received by Virginia and its localities between FY09 and FY11, leading to a large increase in federal funds for those years.

### Federal funding affects state budget trends

Federal funding trends and policy decisions can affect state spending. Federal trust funds have grown as a portion of Virginia’s budget over time, from an average of 14% of Virginia’s annual budget between FY90 and FY99 to an average of 16% between FY10 and FY19. Federal funding as a portion of Virginia’s budget can fluctuate from year to year. For example, federal funding made up 18% of Virginia’s total budget in both FY10 and FY11 because of federal Recovery Act funding.



Participation in federal programs generally requires a state funding match, which varies by program. The state match is substantial for some programs like Medicaid, the largest federal program in the Virginia budget, with \$6.3 billion in federal funds (62% of all federal trust funds in Virginia's budget) and a total budget of \$12 billion in FY19. The state match rate for most individuals enrolled in Medicaid is 50% but varies for certain populations. Federal funding for Medicaid expansion requires a 7% match in 2019 and a 10% match thereafter, which will be funded by the new provider assessment on hospitals rather than state general funds.

Mandatory enhancements to some federal programs, such as some Medicaid-funded services and early intervention services for children, have increased state spending. Other state spending increases are attributable to agency compliance with federal regulatory changes designed to achieve goals such as improving workplace safety and environmental protection.

### Decisions to issue debt affect budget trends

When the state issues debt, the budget is affected by the debt service required to pay off that debt. Tax-supported debt service, which does not have a designated funding source, is funded through the Treasury Board and VDOT. The state issues two types of tax-supported debt: general obligation bonds and other appropriation-supported obligations. The top uses of tax-supported debt over the past decade were for higher education (51%), for capital projects and teaching and research equipment, and transportation projects (25%), funded through the transportation trust fund. Other uses of tax-supported debt include correctional facilities; local and regional jail reimbursements; and parks, conservation, and recreation facilities.

The state's outstanding tax-supported debt increased 73% (from \$6.8 billion to \$11.7 billion) between FY09 and FY18 (the most recent year available), with the largest issuances of debt occurring between FY10 and FY12. Expenditures to cover tax-supported debt service increased 63% (from \$587 million to \$958 million) between FY09 and FY18. To ensure that tax-supported debt service does not consume too much of the state's operating budget, the Debt Capacity Advisory Committee has established a target level of debt service. The committee has determined tax-supported debt service should not exceed 5% of blended revenues. Debt service was 3.75% of blended revenues in FY09 and 4.29% of blended revenues in FY18.

### Majority of budget growth was concentrated in a few agencies and programs

The majority of budget growth between FY10 and FY19 was concentrated in a few agencies. Half of total budget growth (52%) occurred in DMAS, VDOT, and DOE (Table 3). These three agencies along with UVA, Virginia Tech, and DSS are also among the 10 largest agencies in terms of FY19 total appropriations. (See Appendix C, Table C-1.) DOC is the only agency that was not among the 10 agencies with the highest growth amount in total appropriations in last year's report, *State Spending: 2018*

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**General obligation bonds** are authorized by a majority vote of each house of the General Assembly and approved in a referendum by the voting citizens to finance capital projects. The state general fund pays the principal and interest for this debt.

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**Blended revenues** comprise general fund revenues, state revenues in the Transportation Trust Fund, certain non-general fund transfers including ABC profits, the relevant portion of sales tax, the Virginia Health Care Fund, and certain recurring non-general fund Appropriation Act transfers.

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*Update.* DOC replaced ABC among this group because of increased costs for medical and clinical services for inmates.

Nearly two-thirds of total general fund budget growth (61%) occurred in DMAS and DOE (Table 4). The top 10 agencies with the highest general fund growth amounts in this year's report were also in the top 10 in last year's report, with the exception of VCCS. VCCS was not in the top 10 last year because its general fund appropriations decreased at the beginning of the 10-year period, especially between FY09 and FY10, to comply with the governor's budget reduction requirements. Since FY12, general fund appropriations to VCCS have generally increased year to year.

**TABLE 3**  
**10 agencies with the highest growth amount in total appropriations, FY10–FY19 (\$M)**

Rank	Agency	Total appropriation		Average annual growth		% of total growth
		FY10	FY19	\$	%	
1	DMAS <sup>a</sup>	\$6,768.8	\$12,602.3	\$648.2	7%	28%
2	VDOT	3,317.8	6,795.4	386.4	9	16
3	DOE (Direct aid)	6,461.1	8,072.0	179.0	3	8
4	UVA <sup>b</sup>	2,105.0	3,509.8	156.1	6	7
5	Va Tech	953.3	1,437.8	53.8	5	2
6	GMU	648.1	1,106.7	51.0	6	2
7	VCU	871.7	1,245.8	41.6	4	2
8	Treasury Board	500.6	782.9	31.4	5	1
9	DSS	1,837.1	2,107.9	30.1	2	1
10	DOC	1,020.9	1,269.7	27.6	2	1
<b>Top 10 agencies, subtotal</b>		<b>\$24,484.4</b>	<b>\$38,930.3</b>	<b>\$1,605.1</b>	<b>5%</b>	<b>69%</b>
<b>Other agencies, subtotal</b>		<b>\$12,681.0</b>	<b>\$19,311.9</b>	<b>\$736.8</b>	<b>5%</b>	<b>31%</b>
<b>Total operating budget</b>		<b>\$37,165.4</b>	<b>\$58,242.2</b>	<b>\$2,341.9</b>	<b>5%</b>	<b>100%</b>

SOURCE: Appropriation Acts, 2010–2019.

NOTE: Excludes capital appropriations. Top 10 list excludes central appropriations, transfer payments (such as DOA transfer payments), and administration of health insurance. Top 10 list also excludes the Virginia Lottery, which received a \$350 million increase in appropriations in FY19 because of the technical change to appropriate lottery prizes, and agencies that operate internal service funds (the budget began including specific appropriations to these funds beginning in FY15 causing an increase in appropriations). Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

<sup>a</sup> Includes \$6,641.1M in FY10 and \$12,256.4M in FY19 for Medicaid Services and CHIP. <sup>b</sup> Excludes UVA-Wise but includes the medical center.

**TABLE 4**  
**10 agencies with the highest growth amount in general fund appropriations, FY10–FY19 (\$M)**

Rank	Agency	General fund appropriation		Average annual growth		% of total growth
		FY10	FY19	\$	%	
1	DMAS <sup>a</sup>	\$2,416.9	\$5,008.2	\$287.9	9%	39%
2	DOE (Direct aid)	4,769.8	6,258.7	165.4	3	22
3	DBHDS	534.7	823.3	32.1	5	4
4	Treasury Board	479.4	735.2	28.4	5	4
5	DOC	952.6	1,202.4	27.8	3	4
6	Compensation Board	473.0	688.9	24.0	5	3
7	VSP	202.1	306.6	11.6	5	2
8	VCCS	373.8	440.2	7.4	2	1
9	DHCD	36.1	88.9	5.9	12	1
10	ODU	108.9	151.8	4.8	4	1
<b>Top 10 agencies, subtotal</b>		<b>\$10,347.4</b>	<b>\$15,704.1</b>	<b>\$595.2</b>	<b>5%</b>	<b>80%</b>
<b>Other agencies, subtotal</b>		<b>\$4,437.6</b>	<b>\$5,738.9</b>	<b>\$144.6</b>	<b>3%</b>	<b>20%</b>
<b>Total general fund budget</b>		<b>\$14,785.0</b>	<b>\$21,443.0</b>	<b>\$739.8</b>	<b>4%</b>	<b>100%</b>

SOURCE: Appropriation Acts, 2010–2019.

NOTE: Excludes capital appropriations. Top 10 excludes agency central appropriations and transfer payments. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

<sup>a</sup> Includes \$2,358.3M in FY10 and \$4,908.3M in FY19 for Medicaid Services and CHIP.

The majority of budget growth was concentrated in a few programs. Of all budget growth during the 10-year period, 67% occurred in just 10 programs (Table 5). All but one of the 10 programs are in the core functions of health care, education, and transportation.

**TABLE 5**  
**10 programs with the highest growth amount in total appropriations, FY10–FY19 (\$M)**

Rank	Program	Total appropriation		Average annual growth		% total growth
		FY10	FY19	\$	%	
1	Medicaid program services	\$6,399.3	\$11,854.9	\$606.2	7%	26%
2	Highway construction programs	1,089.8	2,907.2	201.9	18	9
3	State education assistance programs <sup>a</sup>	5,400.7	6,973.3	174.7	3	7
4	Higher ed: Education & general services	3,805.3	5,141.2	148.4	4	6
5	State health services <sup>b</sup>	1,647.3	2,453.6	89.6	5	4
6	Financial assistance to localities (transportation)	345.1	1,079.8	81.6	17	3
7	Highway system maintenance & operations	1,291.9	1,978.9	76.3	5	3
8	Financial assistance to localities (general)	338.3	914.3	64.0	21	3
9	Higher ed: Auxiliary enterprises	1,241.4	1,794.9	61.5	4	3
10	Higher ed: financial assistance for E & G services	1,191.4	1,722.2	59.0	4	3
<b>Top 10 programs, subtotal</b>		<b>\$22,750.4</b>	<b>\$36,820.3</b>	<b>\$1,563.3</b>	<b>6%</b>	<b>67%</b>
<b>Other programs, subtotal</b>		<b>\$14,415.0</b>	<b>\$21,421.9</b>	<b>\$778.5</b>	<b>5%</b>	<b>33%</b>
<b>Total operating budget</b>		<b>\$37,165.4</b>	<b>\$58,242.2</b>	<b>\$2,341.9</b>	<b>5%</b>	<b>100%</b>

SOURCE: Appropriation Acts, 2010–2019.

NOTE: Excludes capital appropriations. Top 10 excludes programs that operate internal service funds. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

<sup>a</sup> Includes state funding for K–12 education only. The federal program has a separate program code. <sup>b</sup> Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS.

By program, general fund budget growth was even more concentrated. Two programs (Medicaid program services and state education assistance programs) were responsible for 61% of the growth, and 10 programs were responsible for 75% of the growth (Table 6). Nearly all these programs focus on health care, education, and public safety.

**TABLE 6**  
**10 programs with the highest growth amount in general fund appropriations, FY10–FY19 (\$M)**

Rank	Program	General fund appropriation		Avg. annual growth		% total growth
		FY10	FY19	\$	%	
1	Medicaid program services	\$2,288.1	\$4,875.3	\$287.5	9%	39%
2	State education assistance programs <sup>a</sup>	4,762.5	6,226.5	162.7	3	22
3	Bond and loan retirement and redemption	468.6	735.2	29.6	5	4
4	Fin. assistance for sheriffs' offices & regional jails	257.1	464.5	23.0	8	3
5	Financial assistance for health services <sup>b</sup>	256.5	371.4	12.8	4	2
6	Higher ed: student financial services	214.8	311.0	10.7	4	1
7	Operation of secure correctional facilities	932.0	1,023.3	10.1	1	1
8	Pre-trial, trial, and appellate processes	357.1	431.0	8.2	2	1
9	Law enforcement and highway safety services	170.7	228.4	6.4	3	1
10	State health services <sup>c</sup>	167.2	224.8	6.4	4	1
<b>Top 10 programs, subtotal</b>		<b>\$9,874.6</b>	<b>\$14,891.5</b>	<b>\$557.4</b>	<b>4%</b>	<b>75%</b>
<b>Other programs, subtotal</b>		<b>\$4,910.4</b>	<b>\$6,551.5</b>	<b>\$182.3</b>	<b>3%</b>	<b>25%</b>
<b>Total general fund budget</b>		<b>\$14,785.0</b>	<b>\$21,443.0</b>	<b>\$739.8</b>	<b>4%</b>	<b>100%</b>

SOURCE: Appropriation Acts, 2010–2019.

NOTE: Excludes capital appropriations. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

<sup>a</sup> Includes state funding for K–12 education only. The federal program has a separate program code <sup>b</sup> Includes funding for services provided by community services boards. <sup>c</sup> Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS.

State appropriations are also classified based on their designated use, such as salaries or IT services. Appendix G provides detailed information about the largest categories of use in terms of FY19 appropriations and the categories of use with the largest appropriation growth amounts.

## Non-general fund appropriations continue to drive budget growth

The use of non-general funds is governed by statute and requires fewer decisions than the use of general funds. Non-general funds—which include a variety of pass-through payments such as child support, college tuition, lottery and ABC sales, and payments from the federal government—are still appropriated because the Virginia Constitution requires that state spending occur only through appropriations made by the General Assembly. The state budget draws upon hundreds of sources of revenue that are grouped into 10 broad categories, nine of which are non-general fund revenue sources. These non-general funds are responsible for 68% of total budget growth (Table 7). All non-general fund categories exceeded general fund growth (4.2%) except for the special revenue fund, which declined slightly per year, on average, over the 10-year period, and the trust and agency fund.

The non-general fund categories with the largest growth amounts in appropriations over the past decade were federal trust, commonwealth transportation, and higher education operating. A technical change to the budgeting of internal service funds, starting with FY15, appeared as a large increase to non-general funds. Collectively, these four funds account for 56% of the total increase in non-general fund appropriations between FY10 and FY19. Although these funds constitute the majority of the non-general fund increase, several smaller funds, such as the fund for dedicated special revenue, experienced much faster growth rates (Table 7).

**TABLE 7**  
Non-general fund growth by category, FY10–FY19 (\$M)

Non-general fund category	Total appropriation		Avg annual growth		% of total growth
	FY10	FY19	\$	%	
Federal Trust	\$6,814.2	\$10,100.6	\$365.1	4.7%	16%
Commonwealth Transportation	3,468.9	6,696.4	358.6	7.8	15
Higher Education Operating	5,836.8	9,013.9	353.0	5.1	15
Internal Service	--	2,099.6	233.3	--	10
Dedicated Special Revenue	847.2	2,397.1	172.2	14.5	7
Enterprise	981.7	2,124.0	126.9	9.3	5
Debt Service	213.2	344.9	14.6	5.7	1
Trust and Agency	2,346.6	2,256.1	(10.1)	0.6	<0
Special	1,871.6	1,766.7	(11.7)	-0.6	<0
<b>Non-general funds</b>	<b>\$22,380.4</b>	<b>\$36,799.2</b>	<b>\$1,602.1</b>	<b>5.8%</b>	<b>68%</b>
<b>General fund</b>	<b>\$14,785.0</b>	<b>\$21,443.0</b>	<b>\$739.8</b>	<b>4.2%</b>	<b>32%</b>
<b>Total (all funds)</b>	<b>\$37,165.4</b>	<b>\$58,242.2</b>	<b>\$2,341.9</b>	<b>5.2%</b>	<b>100%</b>

SOURCE: Appropriation Acts, 2010–2019; Commonwealth Accounting Policies and Procedures Manual.

NOTE: Appropriations not adjusted for inflation. Numbers may not sum because of rounding.

### **Non-general fund categories**

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**Federal Trust** – All federal funds except those received by VDOT, VEC, and higher education institutions, which are budgeted separately. (See Appendix H.)

**Commonwealth Transportation** – All revenues designated for highway operations, maintenance, construction, and related activities generated from fuel, motor vehicle, and general sales taxes, excluding toll facilities. Includes federal funding for highway construction.

**Higher Education Operating** – Funds from tuition and fees paid by students at Virginia's colleges and universities, revenues generated by campus activities, university hospital revenue, and federal funds for college or university operations.

**Internal Service** – Funds from customer agency budgets to reimburse costs incurred by an agency that performs services or procures goods on behalf of other agencies (e.g., DGS leasing office space; VITA providing IT services to other agencies; and DHRM administering the state employees' health plan).

**Dedicated Special Revenue** – Funds appropriated from fees and payments restricted to the related activity (e.g., the state's safe drinking water revolving fund, permit fees for game protection, Northern Virginia and Hampton Roads transportation funds, and the Virginia communication sales and use tax).

**Enterprise** – Funds for self-supporting governmental activities that provide goods and services to the general public (e.g., lottery tickets, alcoholic beverages at ABC stores, and prepaid tuition contracts sold by Virginia529).

**Debt Service** – Funds to service debt primarily issued by or on behalf of higher education institutions. Examples of fund sources include student fees for housing, dining, and athletic services.

**Trust and Agency** – Funds held by the state as custodian or trustee for individuals and organizations (e.g., unemployment insurance, tobacco settlement funds, and lottery and literary funds earmarked for public education).

**Special** – Revenues derived from restricted taxes and other special (non-general) revenue sources (e.g., child support, Medicaid and Medicare reimbursement, and operating income transferred from Virginia International Terminals to VPA).

VDOT, DMAS, and several universities are among the 10 agencies with the largest increases in non-general fund appropriations (Table 8). VDOT overtook DMAS as the top agency in terms of increases in non-general fund appropriations despite Medicaid expansion. Medicaid expansion was not effective until the second half of FY19, and VDOT's non-general fund budget grew at a consistently higher rate than DMAS's non-general fund budget on a year-to-year basis between FY10 and FY18.

TABLE 8

10 agencies with the highest growth amount in non-general fund appropriations, FY10–FY19 (\$M)

Rank	Agency	Non-general fund appropriation		Average annual growth		% total growth
		FY10	FY19	\$	%	
1	VDOT	\$3,291.0	\$6,755.4	\$384.9	9%	24%
2	DMAS <sup>a</sup>	4,351.9	7,594.2	360.3	7	22
3	UVA <sup>b</sup>	1,970.2	3,359.3	154.3	6	10
4	Va Tech	784.6	1,246.6	51.3	5	3
5	GMU	518.8	940.8	46.9	7	3
6	VCU	687.2	1,021.2	37.1	5	2
7	DSS	1,449.9	1,678.5	25.4	2	2
8	ABC	512.5	737.0	24.9	4	2
9	JMU	324.8	490.6	18.4	5	1
10	CWM	217.8	357.2	15.5	6	1
<b>Top 10 agencies, subtotal</b>		<b>\$14,108.7</b>	<b>\$24,180.7</b>	<b>\$1,119.1</b>	<b>6%</b>	<b>70%</b>
<b>Other agencies, subtotal</b>		<b>\$8,271.8</b>	<b>\$12,618.5</b>	<b>\$483.0</b>	<b>5%</b>	<b>30%</b>
<b>Total non-general fund budget</b>		<b>\$22,380.4</b>	<b>\$36,799.2</b>	<b>\$1,602.1</b>	<b>6%</b>	<b>100%</b>

SOURCE: Appropriation Acts, 2010–2019.

NOTE: Excludes capital appropriations. Top 10 list excludes central appropriations, transfer payments (such as DOA transfer payments), and administration of health insurance. Top 10 list also excludes the Virginia Lottery, which received a \$350 million increase in appropriations in FY19 because of the technical change to appropriate lottery prizes, and agencies that operate internal service funds (the budget began including specific appropriations to these funds beginning in FY15 causing an increase in appropriations). Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

<sup>a</sup> Includes \$4,282.8M in FY10 and \$7,348.0M in FY19 for Medicaid Services and CHIP. <sup>b</sup> Excludes UVA-Wise but includes the medical center.

For major uses of non-general funds, see Appendix M (online only): [jlarc.virginia.gov/state-spending2019.asp](http://jlarc.virginia.gov/state-spending2019.asp).

The growth in non-general funds in the past decade has resulted in sustained growth in the state budget even in years when the general fund declined. Throughout the 1980s and 1990s, the split between general fund and non-general fund appropriations hovered at around 50%. Starting in FY03, non-general funds consistently constituted a majority of the state's budget, and their share of the budget has continued to increase. Non-general funds now account for about 63% of the total state budget (Table 7).

## Some agencies have had very large percentage increases in appropriations since FY10

Some agencies experienced very large growth rates between FY10 and FY19. These agencies, however, did not necessarily experience the largest growth in appropriation amounts.

Nineteen agencies had general fund growth rates that exceeded the total general fund growth rate over the 10-year period. The 10 fastest-growing state agencies each had total general fund growth rates of 53% or more (Table 9), exceeding the total general fund growth rate of 45% over the 10-year period. With the exception of DMAS and DBHDS, these agencies are relatively small. Therefore, even though they experienced



high growth rates, their growth made up a very small proportion of total general fund budget growth—less than 1% each in several cases—over the 10-year period.

**TABLE 9**  
**10 agencies with the fastest growth rate in general fund appropriations, FY10–FY19 (\$M)**

Rank	Agency	General fund appropriation		General fund growth		
		FY10	FY19	\$M	%	% of total
1	DVS	\$7.1	\$20.7	\$13.5	190%	<1%
2	DHCD	36.1	88.9	52.8	147	1
3	VEDP	15.0	33.6	18.6	124	<1
4	DMAS	2,416.9	5,008.2	2,591.2	107	39
5	ELECT	9.7	18.0	8.3	85	<1
6	VMRC	8.6	14.2	5.6	66	<1
7	DEQ	36.9	60.4	23.5	64	<1
8	EVMS	16.1	26.2	10.1	63	<1
9	DBHDS	534.7	823.3	288.6	54	4
10	Treasury Board	479.4	735.2	255.8	53	4
<b>Top 10 agencies, subtotal</b>		<b>\$3,560.5</b>	<b>\$6,828.6</b>	<b>\$3,268.1</b>	<b>92%</b>	<b>49%</b>
<b>Other agencies, subtotal</b>		<b>\$11,224.5</b>	<b>\$14,614.4</b>	<b>\$3,389.9</b>	<b>30%</b>	<b>51%</b>
<b>Total general fund budget</b>		<b>\$14,785.0</b>	<b>\$21,443.0</b>	<b>\$6,658.0</b>	<b>45%</b>	<b>100%</b>

SOURCE: Appropriation Acts, 2010 and 2019.

NOTE: Excludes capital appropriations. Top 10 includes agencies with general fund appropriations of at least \$5 million in FY10 and excludes central appropriations. Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

#### **Explanation of general fund growth in Table 9**

**DVS** – This increase was for the establishment of new programs and facilities—including eight new field offices, the Virginia Veteran and Family Support program, and a third cemetery—and increases in staff and facility support for the Virginia War Memorial.

**DHCD** – The majority of this increase was for appropriations to establish the Virginia Growth and Opportunity Fund (GO Virginia) to encourage regional cooperation on strategic economic and workforce development efforts and to the Housing Trust Fund for affordable housing and reducing homelessness.

**VEDP** – Growth is due to funding to expand and rebrand the Virginia Jobs Investment Program; support Virginia exporters through several grant programs; increase site development activities in the Business Ready Site Program; and develop a customized workforce recruitment and training incentive program.

**DMAS** – Almost all of this increase was because of increased enrollment following the Great Recession and passage of the Patient Protection and Affordable Care Act, use of services, and costs.

**ELECT** – Growth is primarily for appropriations to improve the voter registration system (VERIS) and to replace federal funds for improving voting systems and voter access with state funds.

**VMRC** – Increased appropriations were primarily for oyster restoration and replenishment activities.

**DEQ** – Increase was primarily due to a \$20 million appropriation in FY19 to the Stormwater Local Assistance Fund, which provides matching grants to localities for projects that reduce polluted runoff.

**EVMS** – Nearly all of this increase was for instruction for medical and health professions students and to provide funding at 100% of the base adequacy guidelines to support the operations and academic mission of public colleges and universities.

**DBHDS** – The vast majority of this increase was for financial assistance to (1) expand services provided by community services boards because of the implementation of STEP-VA and increased crisis and housing services pursuant to the Department of Justice settlement and (2) supplant federal funding at certain state mental health institutions as a result of Medicaid decertification.

**Treasury Board** – Almost all of this increase was due to an increase in debt service payments related to debt authorization and issuances for public buildings and higher education buildings.

The non-general fund budgets of 24 agencies grew faster than the overall non-general fund budget of 64% during the 10-year period, and seven agencies experienced non-general fund growth rates of over 100% (Table 10). The combined growth of these fastest-growing agencies, with the exception of DMAS, made up only a small percentage of total non-general fund growth during the time period.

**TABLE 10**  
**10 agencies with the fastest growth rate in non-general fund appropriations, FY10–FY19**  
**(\$M)**

Rank	Agency	Non-general fund appropriation		Non-general fund growth		
		FY10	FY19	\$	%	% of total
1	Dept. of Treasury	\$9.6	\$38.5	\$28.9	302%	<1%
2	VMFA	11.3	31.9	20.5	181	<1
3	VPA	86.5	217.3	130.8	151	1
4	Treasury Board	21.3	47.7	26.5	125	<1
5	VDOT	3,291.0	6,755.4	3,464.4	105	24
6	OAG	14.4	29.5	15.1	105	<1
7	DMA	30.8	57.6	26.7	87	<1
8	DBVI	37.5	68.9	31.4	84	<1
9	GMU	518.8	940.8	422.0	81	3
10	DVS	35.6	64.4	28.8	81	0.2
<b>Top 10 agencies, subtotal</b>		<b>\$4,056.8</b>	<b>\$8,252.0</b>	<b>\$4,195.2</b>	<b>103%</b>	<b>29%</b>
<b>Other agencies, subtotal</b>		<b>\$18,323.6</b>	<b>\$28,547.2</b>	<b>\$10,223.6</b>	<b>56%</b>	<b>71%</b>
<b>Total non-general fund budget</b>		<b>\$22,380.4</b>	<b>\$36,799.2</b>	<b>\$14,418.8</b>	<b>64%</b>	<b>100%</b>

SOURCE: Appropriation Acts, 2010 and 2019.

NOTE: Excludes capital appropriations. Top 10 list excludes central appropriations, transfer payments (such as DOA transfer payments), and administration of health insurance. Top 10 list also excludes the Virginia Lottery, which received a \$350 million increase in appropriations in FY19 because of the technical change to appropriate lottery prizes, and agencies that operate internal service funds (the budget began including specific appropriations to these funds beginning in FY15 causing an increase in appropriations). Appropriations not adjusted for inflation. Numbers may not sum because of rounding. See Appendix F for alternate rankings, in which the 21 higher education agencies are grouped as a single line item.

#### **Explanation of non-general fund growth in Table 10**

**Dept. of Treasury** – The increase was primarily for establishing an appropriation for risk management claims and administrative costs for state insurance trust funds, in accordance with federal guidelines for recording internal service fund expenditures.

**VMFA** – This increase was mostly due to admissions fees and other revenue increases to VMFA's enterprise fund (\$7 million) and private donations to support collections management, education and extension services, and operational and support services (\$9 million).

**VPA** – This increase was mostly due to appropriations for lease payments for the APM terminal, now Virginia International Gateway, and the transfer of appropriations and staffing from Virginia International Terminals to VPA to streamline port operations.

**Treasury Board** – This increase was primarily due to an increase in the capital fee charged to out-of-state students to offset debt service payments for higher education buildings and federal interest rate subsidies related to the issuance of bonds under the federal Recovery Act (2009).

**VDOT** – The increase is primarily the result of increased retail sales and use and motor vehicle sales tax revenue to fund transportation projects and additional federal funding because of a revision to procedures for processing federal receipts.

**OAG** – This growth was primarily due to increasing the size of the Medicaid fraud unit, funded through settlement proceeds.

**DMA** – This growth was primarily due to increases in federal funds for defense preparedness (\$22 million), including operations and maintenance of armories and other facilities. DMA currently operates 42 armories that serve as central locations for training and recruiting service members into the Virginia National Guard.

**DBVI** – This growth was primarily due to increases in appropriations for the Virginia Industries for the Blind enterprise fund.

**GMU** – This growth was primarily due to an increase in E&G programs funded through student tuition and fees (\$226 million) and an increase in financial assistance to support E&G services (\$98 million).

**DVS** – This increase was mostly due to additional non-general funded positions to operate nursing homes for veterans. Revenues supporting the increase include funds from the U.S. Department of Veterans Affairs, Medicaid and Medicare, and insurance providers.

## General fund appropriations declined or grew slower than inflation for some state agencies

Only five agencies had general fund appropriations that declined over the 10-year period (Table 11), three by 10% or more. These numbers are lower than in past State Spending reports, corresponding with general funds being at a low point in FY10 because of the recession. The appropriations of another 18 agencies grew slower than inflation (17.5%). Some of these agencies still experienced total budget growth in excess of inflation because their total budgets included non-general fund appropriations that grew by more than their general fund appropriation over the period.

**TABLE 11**  
Five agencies had declines in general fund appropriations FY10–FY19 (\$M)

Agency	FY10	FY19	\$ change	% change
Sec. of Commerce and Trade	\$14.6	\$0.9	-\$13.7	-94%
SBSD	10.6	4.4	-6.2	-58
Sec. of Administration	5.4	2.4	-3.0	-55
VMFA	10.2	10.1	>-0.1	>-1
DBVI	6.5	6.5	>-0.1	>-1

SOURCE: Appropriation Acts, 2010 and 2019.

NOTE: Excludes capital appropriations. Top 10 includes agencies with general fund appropriations of at least \$5 million in FY10 and excludes state grants to non-state agencies and transfer payments. Appropriations not adjusted for inflation. Numbers may not sum because of rounding.

**Explanation of general fund declines in Table 11 of 5% or more**

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**Sec. of Commerce and Trade** – This change is not a decline but a budgetary reallocation—the transfer of economic development incentive payments as a budget program within the secretary’s office to its own agency for budgeting purposes.

**SBSD** – This decline reflects savings that resulted from the merger of the Department of Business Assistance and the Department of Minority Business Enterprise into the Department of Small Business and Supplier Diversity in FY15, and the transfer of the Virginia Jobs Investment Program (Department of Business Assistance) to the Virginia Economic Development Partnership.

**Sec. of Administration** – This decline reflects the elimination of financial assistance to regional non-commercial entities to provide educational, economic, and cultural programming through public television and radio. Financial assistance for educational telecommunications and financial assistance for radio reading services were also eliminated.

## Appendix A: Study mandate

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Code of Virginia

§ 30-58.3. Annual Report on State Spending.

A. No later than November 15 of each year, the Commission shall provide to the Governor and the General Assembly an annual report on state spending that shall include, among other things, (i) an identification and analysis of spending functions and programs that could be consolidated with other programs without diminishing the quality of the services provided to the citizens of the Commonwealth; (ii) an identification and analysis of those spending functions or programs which no longer have a distinct and discernible mission or are not performing their missions efficiently; (iii) an identification and analysis of the state programs that have had the largest impact on the growth of state spending over the prior five biennia, in dollar terms; (iv) an identification and analysis of the programs growing the fastest in percentage terms; (v) for the programs identified as the largest or fastest-growing, comparisons of the growth in spending on those programs to the rate of increase in inflation and the growth in populations served by those programs over a comparable time period; (vi) an analysis of the causes for the growth in spending on the largest and fastest-growing programs and whether the growth in spending appears rationally related to the rates of increase in inflation, tax relief measures, mandated expenditures, populations served, or any other related matter; and (vii) such other related issues as it deems appropriate.

B. All agencies of the Commonwealth shall provide assistance to the Commission in the preparation of this report, upon request.

## Appendix B: Research methods and activities

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For this review, JLARC staff collected appropriation and expenditure data from a variety of sources, including the Department of Planning and Budget (DPB), the Department of Accounts (DOA), and various other agencies. In addition, JLARC staff reviewed previous reports and documents pertaining to state spending.

### Data collection

JLARC staff receive annual updates of budget and spending data from DPB and DOA and maintain a database with appropriation data at the agency, program, and fund level from FY1981 through the most recent fiscal year. For this report, economic and demographic data are obtained annually from federal agencies such as the Census Bureau and the Bureau of Economic Analysis.

There are several constraints on collection and analysis of state appropriation and expenditure data. Because agencies are not required to keep budget records longer than five years, older information is often unavailable. Changes to the structure and staffing of agencies further complicate the collection and analysis of data. JLARC staff supplement the information provided by agencies by referring to a variety of alternative sources, as noted below.

Key elements of the fiscal and demographic data sets are included in appendixes to this report. The following supplemental materials are available online only: selected historical financial data, appropriations information for the largest state agencies, and general fund and non-general fund appropriations information from FY1981 onward. (Online-only supplemental Appendixes I–N are available with this report on the JLARC website: <http://jlarc.virginia.gov/state-spending2019.asp>.)

### Document review

JLARC staff utilized a variety of documents for this review. These included Appropriation Acts, governors' executive budget documents, and summaries of General Assembly budget actions prepared jointly by staff of the House Appropriations and Senate Finance committees, all from the 10-year period under review. Agency-specific and program-specific studies and documents also were reviewed. State spending reports compiled by the National Association of State Budget Officers were consulted, as were a variety of other documents, such as agency annual reports and statistical publications.

## Appendix C: 10 agencies with largest appropriations

TABLE C-1

10 agencies with largest total appropriations, FY10 and FY19 (\$M)

FY10				FY19			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DMAS <sup>a</sup>	\$6,768.8	18%	1	DMAS <sup>a</sup>	\$12,602.3	22%
2	DOE (Direct aid)	6,461.1	17	2	DOE (Direct aid)	8,072.0	14
3	VDOT	3,317.8	9	3	VDOT	6,795.4	12
4	UVA <sup>b</sup>	2,105.0	6	4	UVA <sup>b</sup>	3,509.8	6
5	DSS	1,837.1	5	5	DSS	2,107.9	4
6	VCCS	1,054.5	3	6	Va Tech	1,437.8	2
7	DOC	1,020.9	3	7	DOC	1,269.7	2
8	VEC	953.8	3	8	VCU	1,245.8	2
9	Va Tech	953.3	3	9	VCCS	1,182.8	2
10	DBHDS	919.0	2	10	DBHDS	1,150.4	2
<b>Top 10 agencies, subtotal</b>		<b>\$25,391.2</b>	<b>68%</b>	<b>Top 10 agencies, subtotal</b>		<b>\$39,373.9</b>	<b>68%</b>
<b>Other agencies, subtotal</b>		<b>\$11,774.2</b>	<b>32%</b>	<b>Other agencies, subtotal</b>		<b>\$18,868.3</b>	<b>32%</b>
<b>Total operating budget</b>		<b>\$37,165.4</b>	<b>100%</b>	<b>Total operating budget</b>		<b>\$58,242.2</b>	<b>100%</b>

SOURCE: 2010 and 2019 Appropriation Acts.

NOTE: Excludes capital appropriations. Top 10 excludes the Personal Property Tax Relief program and the Administration of Health Insurance program. Appropriations not adjusted for inflation. Numbers may not add because of rounding.

<sup>a</sup> Includes \$6,641.1 million in FY10 and \$12,256.4 million in FY19 for Medicaid Services and the Children's Health Insurance Program (CHIP). <sup>b</sup> Excludes UVA-Wise but includes medical center.

TABLE C-2

10 agencies with largest general fund appropriations, FY10 and FY19 (\$M)

FY10				FY19			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DOE (Direct aid)	\$4,769.8	32%	1	DOE (Direct aid)	\$6,258.7	29%
2	DMAS <sup>a</sup>	2,416.9	16	2	DMAS <sup>a</sup>	5,008.2	23
3	DOC	952.6	6	3	DOC	1,202.4	6
4	DBHDS	534.7	4	4	DBHDS	823.3	4
5	Treasury Board	479.4	3	5	Compensation Board	688.9	3
6	Compensation Board	473.0	3	6	VCCS	440.2	2
7	DSS	387.2	3	7	DSS	429.4	2
8	VCCS	373.8	3	8	VSP	306.6	1
9	CSA	279.2	2	9	CSA	292.7	1
10	DCJS	218.5	1	10	DCJS	230.8	1
<b>Top 10 agencies, subtotal</b>		<b>\$10,885.2</b>	<b>74%</b>	<b>Top 10 agencies, subtotal</b>		<b>\$15,681.1</b>	<b>73%</b>
<b>Other agencies, subtotal</b>		<b>\$3,899.7</b>	<b>26%</b>	<b>Other agencies, subtotal</b>		<b>\$5,761.9</b>	<b>27%</b>
<b>Total general fund budget</b>		<b>\$14,785.0</b>	<b>100%</b>	<b>Total general fund budget</b>		<b>\$21,443.0</b>	<b>100%</b>

SOURCE: 2010 and 2019 Appropriation Acts.

NOTE: : Excludes capital appropriations. Top 10 excludes the Personal Property Tax Relief program and the Administration of Health Insurance program. Appropriations not adjusted for inflation. Numbers may not add due to rounding.

<sup>a</sup> Includes \$2,358.3 million in FY10 and \$4,908.3 million in FY19 for Medicaid Services and CHIP.

**TABLE C-3**  
**10 agencies with largest non-general fund appropriations, FY10 and FY19 (\$M)**

FY10				FY19			
Rank	Agency	Total	% of total	Rank	Agency	Total	% of total
1	DMAS <sup>a</sup>	\$4,351.9	19%	1	DMAS <sup>a</sup>	\$7,594.2	21%
2	VDOT	3,291.0	15	2	VDOT	6,755.4	18
3	UVA <sup>b</sup>	1,970.2	9	3	UVA <sup>b</sup>	3,359.3	9
4	DOE (Direct aid)	1,691.3	8	4	DOE (Direct aid)	1,813.3	5
5	DSS	1,449.9	6	5	DSS	1,678.5	5
6	VEC	953.8	4	6	Va Tech	1,246.6	3
7	Va Tech	784.6	4	7	VCU	1,021.2	3
8	VCU	687.2	3	8	GMU	940.8	3
9	VCCS	680.7	3	9	VCCS	742.6	2
10	DRPT	561.2	3	10	ABC	737.0	2
<b>Top 10 agencies, subtotal</b>		<b>\$16,421.8</b>	<b>73%</b>	<b>Top 10 agencies, subtotal</b>		<b>\$25,888.8</b>	<b>70%</b>
<b>Other agencies, subtotal</b>		<b>\$5,958.6</b>	<b>27%</b>	<b>Other agencies, subtotal</b>		<b>\$10,910.4</b>	<b>30%</b>
<b>Total non-general fund budget</b>		<b>\$22,380.4</b>	<b>100%</b>	<b>Total non-general fund budget</b>		<b>\$36,799.2</b>	<b>100%</b>

SOURCE: 2010 and 2019 Appropriation Acts.

NOTE: Excludes capital appropriations. Top 10 excludes the Administration of Health Insurance program. Appropriations not adjusted for inflation. Numbers may not add due to rounding.

<sup>a</sup> Includes \$4,282.8 million in FY10 and \$7,348.0 million in FY19 for Medicaid Services and CHIP. <sup>b</sup> Excludes UVA-Wise, but includes the medical center.



## Appendix D: Virginia's operating appropriations, FY10–FY19

TABLE D-1  
Virginia's operating appropriations, FY10–FY19 (\$M)

Fiscal year	General fund		Non-general fund		Total	
	Amount	% change	Amount	% change	Amount	% change
2010	\$14,785	---	\$22,380	---	\$37,165	---
2011	15,457	4.5%	23,525	5.1%	38,983	4.9%
2012	16,342	5.7	24,009	2.1	40,351	3.5
2013	17,116	4.7	25,559	6.5	42,675	5.8
2014	17,705	3.4	25,619	0.2	43,324	1.5
2015	18,240	3.0	28,740 <sup>a</sup>	12.2	46,980	8.4
2016	18,961	4.0	30,586	6.4	49,547	5.5
2017	20,114	6.1	32,073	4.9	52,187	5.3
2018	20,450	1.7	32,164	0.3	52,614	0.8
2019	21,443	4.9	36,799	14.4	58,242	10.7
<b>Change 2010–2019</b>	<b>\$6,658</b>	<b>45.0%</b>	<b>\$14,419</b>	<b>64.4%</b>	<b>\$21,077</b>	<b>56.7%</b>
<b>Average annual change</b>		<b>4.2%</b>		<b>5.8%</b>		<b>5.2%</b>

SOURCE: Appropriation Acts.

NOTE: Operating funds only; excludes capital appropriations.

<sup>a</sup> \$1.8 billion of this increase reflects the non-general fund budget including a specific appropriation amount for internal service funds starting in FY15.

## Appendix E: Virginia's appropriations for internal services FY15–FY19

Agencies that centrally provide services, such as IT (VITA), property management (DGS), and financial services (DOA), operate internal service funds to recoup costs incurred for performing services for other agencies. In FY15, the budget was changed so that agencies with internal service funds began receiving non-general fund appropriations for the cost of goods and services provided to other agencies.

TABLE E-1

Virginia's appropriations for internal services grew at slower rate than the non-general fund budget, FY15–FY19 (\$M)

Agency	Services provided to other agencies	Total appropriations		Avg annual growth		% of total growth
		FY15	FY19	\$	%	
DHRM	Administration of health insurance	\$1,236.5	\$1,519.2	\$70.7	5.5%	3.2%
VITA	IT services	347.1	376.0	7.2	2.1	0.3
DGS	Real estate, procurement, transportation	164.0	170.0	1.5	0.9	0.1
DOA	Payroll and other financial services	24.1	27.1	0.8	3.1	<0.1
DHRM	Personnel management services	--	7.3	3.7	3.2	0.2
<b>Total non-general fund budget, internal services</b>		<b>\$1,771.9</b>	<b>\$2,099.6</b>	<b>\$81.9</b>	<b>4.5%</b>	<b>3.7%</b>
<b>Total non-general fund budget</b>		<b>\$28,739.5</b>	<b>\$36,799.2</b>	<b>\$2,236.1</b>	<b>7.6%</b>	<b>100.0%</b>

SOURCE: Appropriation Acts, 2015 to 2019.

NOTE: FY15 total non-general fund appropriations, internal services includes \$290,000 fund for SCHEV. This fund received appropriations between FY12 and FY16. Appropriations not adjusted for inflation. Numbers may not add because of rounding.

## Appendix F: Higher education funding in Virginia's budget

In the tables that follow, the 21 higher education agencies are grouped as a single “higher education” line item. This offers additional insight on state higher education spending in Virginia.

TABLE F-1 (Table 4 with higher education agencies grouped)  
10 agencies with the highest growth amount in total appropriations, FY10–FY19 (\$M)

Rank	Agency	Total appropriation		Average annual growth		% total growth
		FY10	FY19	\$	%	
1	DMAS	\$6,768.8	\$12,602.3	\$648.2	7%	28%
2	Higher education	7,569.0	11,248.0	408.8	5	17
3	VDOT	3,317.8	6,795.4	386.4	9	16
4	DOE (Direct aid)	6,461.1	8,072.0	179.0	3	8
5	Treasury Board	500.6	782.9	31.4	5	1
6	DSS	1,837.1	2,107.9	30.1	2	1
7	DOC	1,020.9	1,269.7	27.6	2	1
8	DBHDS	919.0	1,150.4	25.7	3	1
9	ABC	512.5	737.0	24.9	4	1
10	VDH	567.7	730.3	18.1	3	1
<b>Top 10 agencies, subtotal</b>		<b>\$29,474.5</b>	<b>\$45,496.0</b>	<b>\$1,780.2</b>	<b>5%</b>	<b>76%</b>
<b>Other agencies, subtotal</b>		<b>\$7,690.9</b>	<b>\$12,746.2</b>	<b>\$561.7</b>	<b>6%</b>	<b>24%</b>
<b>Total operating budget</b>		<b>\$37,165.4</b>	<b>\$58,242.2</b>	<b>\$2,341.9</b>	<b>5%</b>	<b>100%</b>

TABLE F-2 (Table 5 with higher education agencies grouped)  
10 agencies with the highest growth amount general fund appropriations, FY10–FY19 (\$M)

Rank	Agency	General fund appropriation		Average annual growth		% total growth
		FY10	FY19	\$	%	
1	DMAS	\$2,416.9	\$5,008.2	\$287.9	9%	39%
2	DOE (Direct aid)	4,769.8	6,258.7	165.4	3	22
3	Higher education	1,572.8	1,928.0	39.5	2	5
4	DBHDS	534.7	823.3	32.1	5	4
5	Treasury Board	479.4	735.2	28.4	5	4
6	DOC	952.6	1,202.4	27.8	3	4
7	Compensation Board	473.0	688.9	24.0	5	3
8	VSP	202.1	306.6	11.6	5	2
9	DHCD	36.1	88.9	5.9	12	1
10	DSS	387.2	429.4	4.7	1	1
<b>Top 10 agencies, subtotal</b>		<b>\$11,824.7</b>	<b>\$17,469.5</b>	<b>\$627.2</b>	<b>4%</b>	<b>85%</b>
<b>Other agencies, subtotal</b>		<b>\$2,960.3</b>	<b>\$3,973.5</b>	<b>\$112.6</b>	<b>4%</b>	<b>15%</b>
<b>Total general fund budget</b>		<b>\$14,785.0</b>	<b>\$21,443.0</b>	<b>\$739.8</b>	<b>4%</b>	<b>100%</b>

TABLE F-3 (Table 9 with higher education agencies grouped)  
 10 agencies with the highest growth amount in non-general fund appropriations, FY10–FY19 (\$M)

Rank	Agency	Non-general fund appropriation		Average annual growth		% total growth
		FY10	FY19	\$	%	
1	VDOT	\$3,291.0	\$6,755.4	\$384.9	9%	24%
2	Higher education	5,996.2	9,320.0	369.3	5	23
3	DMAS	4,351.9	7,594.2	360.3	7	22
4	DSS	1,449.9	1,678.5	25.4	2	2
5	ABC	512.5	737.0	24.9	4	2
6	VDH	413.5	548.2	15.0	3	1
7	VPA	86.5	217.3	14.5	12	1
8	DOE (Direct aid)	1,691.3	1,813.3	13.6	1	1
9	Virginia529	163.5	280.5	13.0	11	1
10	DMV	217.2	296.1	8.8	4	1
<b>Top 10 agencies, subtotal</b>		<b>\$18,173.4</b>	<b>\$29,240.5</b>	<b>\$1,229.7</b>	<b>6%</b>	<b>77%</b>
<b>Other agencies, subtotal</b>		<b>\$4,207.0</b>	<b>\$7,558.7</b>	<b>\$372.4</b>	<b>8%</b>	<b>23%</b>
<b>Total non-general fund budget</b>		<b>\$22,380.4</b>	<b>\$36,799.2</b>	<b>\$1,602.1</b>	<b>6%</b>	<b>100%</b>

TABLE F-4 (Table 10 with higher education agencies grouped)  
 10 agencies with the fastest growth rate in general fund appropriations, FY10–FY19 (\$M)

Rank	Agency	General fund appropriation		General fund growth		
		FY10	FY19	\$	%	% of total
1	DVS	\$7.1	\$20.7	\$13.5	190%	<1%
2	DHCD	36.1	88.9	52.8	147	1
3	VEDP	15.0	33.6	18.6	124	<1
4	DMAS	2,416.9	5,008.2	2,591.2	107	39
5	ELECT	9.7	18.0	8.3	85	<1
6	VMRC	8.6	14.2	5.6	66	<1
7	DEQ	36.9	60.4	23.5	64	<1
8	DBHDS	534.7	823.3	288.6	54	4
9	Treasury Board	479.4	735.2	255.8	53	4
10	VSP	202.1	306.6	104.5	52	2
<b>Top 10 agencies, subtotal</b>		<b>\$3,746.5</b>	<b>\$7,109.0</b>	<b>\$3,362.5</b>	<b>90%</b>	<b>51%</b>
34	Higher education	\$1,572.8	\$1,928.0	\$355.2	23%	5%
<b>Other agencies, subtotal</b>		<b>\$11,038.4</b>	<b>\$14,334.0</b>	<b>\$3,295.5</b>	<b>30%</b>	<b>49%</b>
<b>Total general fund budget</b>		<b>\$14,785.0</b>	<b>\$21,443.0</b>	<b>\$6,658.0</b>	<b>45%</b>	<b>100%</b>

TABLE F-5 (Table 11 with higher education agencies grouped)  
10 agencies with the fastest growth rate in non-general fund appropriations, FY10–FY19 (\$M)

Rank	Agency	Non-general fund appropriation		Non-general fund growth		
		FY10	FY19	\$	%	% of total
1	Dept. of Treasury	\$9.6	\$38.5	\$28.9	302%	0%
2	VMFA	11.3	31.9	20.5	181	0
3	VPA	86.5	217.3	130.8	151	1
4	Treasury Board	21.3	47.7	26.5	125	0
5	VDOT	3,291.0	6,755.4	3,464.4	105	24
6	OAG	14.4	29.5	15.1	105	0
7	DMA	30.8	57.6	26.7	87	0
8	DBVI	37.5	68.9	31.4	84	0
9	DVS	35.6	64.4	28.8	81	0
10	DMAS	4,351.9	7,594.2	3,242.3	75	22
<b>Top 10 agencies, subtotal</b>		<b>\$7,889.8</b>	<b>\$14,905.3</b>	<b>\$7,015.5</b>	<b>89%</b>	<b>49%</b>
16	Higher education	\$5,996.2	\$9,320.0	\$3,323.9	55%	23%
<b>Other agencies, subtotal</b>		<b>\$14,490.6</b>	<b>\$21,893.9</b>	<b>\$7,403.3</b>	<b>51%</b>	<b>51%</b>
<b>Total non-general fund budget</b>		<b>\$22,380.4</b>	<b>\$36,799.2</b>	<b>\$14,418.8</b>	<b>64%</b>	<b>100%</b>

TABLE F-6 (Table 6 with higher education agencies grouped)  
10 largest program increases in total appropriations, FY10–FY19 (\$M)

Rank	Program	Total appropriation		Avg. annual growth		% total growth
		FY10	FY19	\$	%	
1	Medicaid program services	\$6,399.3	\$11,854.9	\$606.2	7%	26%
2	Higher education	6,747.6	9,299.8	283.6	4	12
3	Highway construction programs	1,089.8	2,907.2	201.9	18	9
4	State education assistance programs <sup>a</sup>	5,400.7	6,973.3	174.7	3	7
5	State health services <sup>b</sup>	1,647.3	2,453.6	89.6	5	4
6	Financial assistance to localities (transportation)	345.1	1,079.8	81.6	17	3
7	Highway system maintenance and operations	1,291.9	1,978.9	76.3	5	3
8	Financial assistance to localities (general)	338.3	914.3	64.0	21	3
9	Bond and loan retirement and redemption	489.8	782.9	32.6	5	1
10	Administrative and support services <sup>c</sup>	288.7	534.1	27.3	8	1
<b>Top 10 programs, subtotal</b>		<b>\$24,038.5</b>	<b>\$38,778.8</b>	<b>\$1,637.8</b>	<b>5%</b>	<b>70%</b>
<b>Other programs, subtotal</b>		<b>\$13,126.9</b>	<b>\$19,463.4</b>	<b>\$704.1</b>	<b>5%</b>	<b>30%</b>
<b>Total operating budget</b>		<b>\$37,165.4</b>	<b>\$58,242.2</b>	<b>\$2,341.9</b>	<b>5%</b>	<b>100%</b>

NOTE: See Table F-7 for Table notes.

TABLE F-7 (Table 7 with higher education agencies grouped)  
 10 largest program increases in general fund appropriations, FY10–FY19 (\$M)

Rank	Program	General fund appropriation		Avg. annual growth		% total growth
		FY10	FY19	\$	%	
1	Medicaid program services	\$2,288.1	\$4,875.3	\$287.5	9%	39%
2	State education assistance programs <sup>a</sup>	4,762.5	6,226.5	162.7	3	22
3	Bond and loan retirement and redemption	468.6	735.2	29.6	5	4
4	Fin. assistance for sheriffs' offices and regional jails	257.1	464.5	23.0	8	3
5	Financial assistance for health services <sup>d</sup>	256.5	371.4	12.8	4	2
6	Operation of secure correctional facilities	932.0	1,023.3	10.1	1	1
7	Higher education	1,922.5	2,010.7	9.8	1	1
8	Pre-trial, trial, and appellate processes	357.1	431.0	8.2	2	1
9	Law enforcement and highway safety services	170.7	228.4	6.4	3	1
10	State health services <sup>b</sup>	167.2	224.8	6.4	4	1
<b>Top 10 programs, subtotal</b>		<b>\$11,582.3</b>	<b>\$16,591.2</b>	<b>\$556.5</b>	<b>4%</b>	<b>75%</b>
<b>Other programs, subtotal</b>		<b>\$3,202.7</b>	<b>\$4,851.8</b>	<b>\$183.2</b>	<b>5%</b>	<b>25%</b>
<b>Total general fund budget</b>		<b>\$14,785.0</b>	<b>\$21,443.0</b>	<b>\$739.8</b>	<b>4%</b>	<b>100%</b>

Tables F-1 through F-7.

SOURCE: Appropriation Acts, 2010-2019.

NOTE: Excludes capital appropriations. Top 10 excludes central appropriations and transfer payments. Top 10 list also excludes the Virginia Lottery, which received a \$350 million increase in appropriations in FY19 because of the technical change to appropriate lottery prizes, and agencies that operate internal service funds (the budget began including specific appropriations to these funds beginning in FY15 causing an increase in appropriations). Appropriations not adjusted for inflation. Numbers may not add because of rounding.

<sup>a</sup> Excludes federal funds. Accounts for state funding for K–12 education only; federal funds for state public education assistance are accounted for in a separate program code. <sup>b</sup> Includes activities at VDH, UVA Medical Center, and at facilities operated by DBHDS and DVS. <sup>c</sup> Individual and family services functional area only; these services for other functional areas are classified separately. <sup>d</sup> Includes funding for services provided by community services boards.

**TABLE F-8**  
**Growth of higher education agencies, FY10–FY19 (\$M)**

Rank	Agency	<u>Total appropriations</u>		<u>Average annual growth</u>		% total growth	Overall rank
		FY10	FY19	\$	%		
1	UVA	\$2,105.0	\$3,509.8	\$156.1	6%	7%	4
2	Va Tech	953.3	1,437.8	53.8	5	2	5
3	GMU	648.1	1,106.7	51.0	6	2	6
4	VCU	871.7	1,245.8	41.6	4	2	8
5	JMU	396.2	584.5	20.9	4	1	14
6	CWM	279.9	428.5	16.5	5	1	16
7	ODU	317.0	459.5	15.8	4	1	17
8	VCCS	1,054.5	1,182.8	14.3	3	1	19
9	CNU	108.1	166.9	6.5	5	0	25
10	RU	156.1	213.2	6.3	4	0	26
11	LU	98.7	145.2	5.2	4	0	27
12	UMW	93.8	138.6	5.0	5	0	28
13	VSU	126.5	166.3	4.4	3	0	33
14	VMI	58.6	85.4	3.0	4	0	40
15	NSU	143.5	163.4	2.2	1	0	46
16	SCHEV	86.8	105.1	2.0	2	0	51
17	UVA-W	31.3	46.4	1.7	5	0	54
18	EVMS	16.1	26.2	1.1	6	0	62
19	Richard Bland	11.9	18.8	0.8	5	0	70
20	SO Va Higher Ed Ctr	3.0	7.5	0.5	13	0	78
21	SW Va Higher Ed Ctr	9.0	9.6	0.1	17	0	108
<b>Total higher ed agencies</b>		<b>\$7,569.0</b>	<b>\$11,248.0</b>	<b>\$408.8</b>	<b>5%</b>	<b>17%</b>	
<b>Total operating budget</b>		<b>\$37,165.4</b>	<b>\$58,242.2</b>	<b>\$2,341.9</b>	<b>5%</b>	<b>100%</b>	

SOURCE: Appropriation Acts, 2010–2019.

NOTE: Excludes capital appropriations. Appropriations not adjusted for inflation. Numbers may not sum because of rounding.

**TABLE F-9**  
**Changes in enrollment and tuition of higher education agencies, FY09–FY18**

Rank <sup>c</sup>	Agency	<u>Undergraduate enrollment<sup>a</sup></u>			<u>Tuition<sup>b</sup></u>		
		FY10	FY19	Avg annual change	FY10	FY19	Avg annual change
19	Richard Bland	1,579	2,358	5.4%	\$3,676	\$8,100	9.7%
6	CWM	5,836	6,377	1.0	10,800	23,400	9.0
4	VCU	23,149	24,059	0.4	7,117	14,490	8.5
9	CNU	4,786	4,857	0.2	8,050	14,754	7.0
12	UMW	4,397	4,410	0.1	7,112	12,654	6.6
1	UVA	15,476	16,777	0.9	9,672	16,512	6.2
14	VMI	1,500	1,685	1.3	11,190	18,862	6.0
5	JMU	17,281	19,923	1.6	7,244	12,016	5.8
10	RU	7,773	7,926	0.3%	\$6,904	\$11,210	5.6%

Rank <sup>c</sup>	Agency	Undergraduate enrollment <sup>a</sup>			Tuition <sup>b</sup>		
		FY10	FY19	Avg annual change	FY10	FY19	Avg annual change
15	NSU	6,150	4,660	-2.8	5,872	9,490	5.5
2	Va Tech	23,558	27,811	1.9	8,735	13,620	5.1
3	GMU	19,702	26,553	3.4	8,024	12,462	5.0
17	UVA-W	2,015	2,065	0.6	6,748	10,119	4.6
11	LU	4,086	4,324	0.7	8,925	13,340	4.6
7	ODU	18,253	19,372	0.7	7,318	10,872	4.5
13	VSU	4,871	3,996	-2.0	6,174	9,056	4.4
<b>Total (without VCCS)</b>		<b>160,412</b>	<b>177,153</b>	<b>1.1%</b>	n.a.	n.a.	n.a.
<b>Average (without VCCS)</b>		<b>10,026</b>	<b>11,072</b>	<b>1.1%</b>	<b>\$7,723</b>	<b>\$13,185</b>	<b>6.1%</b>
8	VCCS	189,273	161,587	-1.7%	\$2,781	\$4,620	5.9%

SOURCE: SCHEV website.

NOTE: Data for UVA excludes UVA-Wise. The following institutions are not listed because data is not available or the institution is a graduate school: the Southwest Virginia Higher Education Center, the Southern Virginia Higher Education Center, and the Eastern Virginia Medical School.

<sup>a</sup> Includes a headcount of all in-state and out-of-state undergraduate students enrolled in the fall of the 2008–2009 and 2017–2018 school years. <sup>b</sup> Tuition includes mandatory education and general (E&G) fees as well as mandatory non-E&G fees for full-time, in-state students. <sup>c</sup> Rank based on the total budget growth in millions of dollars. (See Table F-8.)

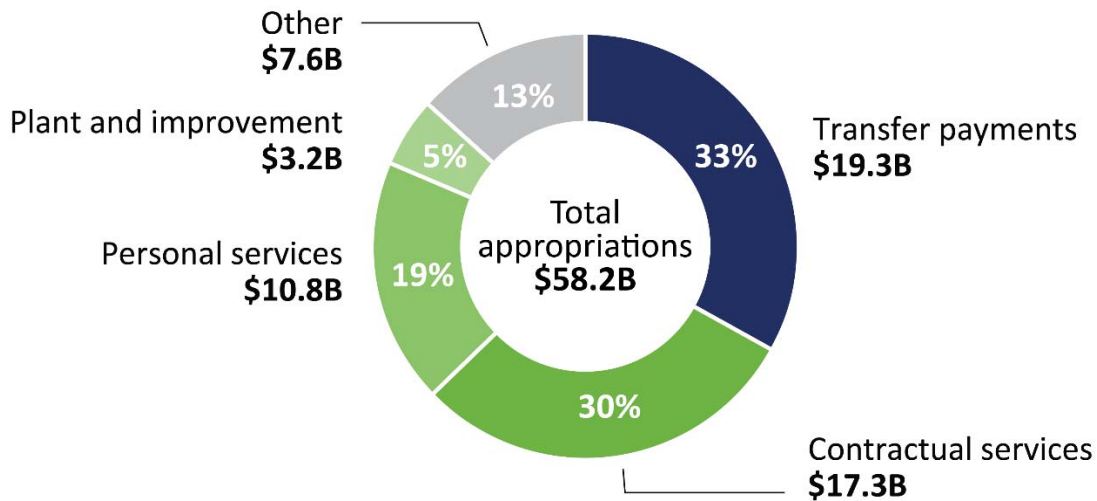
n.a., not applicable.



## Appendix G: Virginia’s appropriations by category of use

The majority of Virginia’s appropriations are for transfer payments (33%), such as payments to local governments for schools, courts, and constitutional officers, or payments for contractual services (30%) such as health care, IT, and road construction and maintenance (Figure G-1). Another 19% of total appropriations are for personal services such as employee salaries, wages, and benefits.

**FIGURE G-1**  
Majority of Virginia’s appropriations are for transfer payments and contractual services (FY19)



SOURCE: Appropriation Act, 2019 by major object code.

NOTE: Plant and improvement includes operating funds for construction and acquisition of buildings, highways, and water ports. Other includes supplies and materials; equipment; continuous charges for lease and insurance payments; utility charges; and debt service payments. Contractual services are not inclusive of funding for all contractual services. Funding for private contractors for building and highway construction is included in the plant and improvement category.

A majority of budget growth is also concentrated in a handful of specific uses (Table G-1), which are classified in the budget under “subobject” codes. Most subobject codes are distributed across multiple programs and agencies. Forty-five percent of total budget growth between FY11 and FY19 was for categorical aid to local governments and constitutional officers. Another 24% of total budget growth was for contractual payments for health-care services provided to Medicaid recipients. Salaries and employee health benefits contributed to 18% of budget growth during the period.

**TABLE G-1**  
**10 subobject areas with the highest growth amount in total appropriations, FY11–FY19 (\$M)**

Rank	Subobject	Total appropriation		Avg. annual growth		% total growth
		FY11	FY19	\$	%	
1	Categorical aid: local governments & const. officers	\$2,670.8	\$11,359.8	\$1,086.1	45%	45%
2	Contractual services: Medicaid program services	6,763.6	11,320.1	569.6	7	24
3	Employee health benefits	801.3	2,886.9	260.7	25	11
4	Plant and equipment: transportation	1,053.4	2,981.6	241.0	20	10
5	Employee salaries <sup>a</sup>	5,516.9	6,773.8	157.1	3	7
6	Payments to substate entities <sup>b</sup>	598.7	1,824.8	153.3	19	6
7	Supplies and materials <sup>c</sup>	1,121.7	2,084.5	120.4	9	5
8	Bond financing	952.7	1,404.2	56.4	5	2
9	Health-care claims for local employees	60.0	506.6	55.8	35	2
10	Management services <sup>d</sup>	244.0	495.1	31.4	10	1
<b>Top 10 subobject areas, subtotal</b>		<b>\$19,783.1</b>	<b>\$41,637.4</b>	<b>\$2,731.8</b>	<b>10%</b>	<b>113%</b>
<b>Other subobject areas, subtotal</b>		<b>\$19,199.6</b>	<b>\$16,604.8</b>	<b>-\$324.3</b>	<b>-1%</b>	<b>-13%</b>
<b>Total operating budget</b>		<b>\$38,982.7</b>	<b>\$58,242.2</b>	<b>\$2,407.4</b>	<b>5%</b>	<b>100%</b>

SOURCE: Appropriation Acts, 2011–2019.

NOTE: Appropriations not adjusted for inflation. Numbers may not sum because of rounding. Includes FY11 to FY19 because significant changes in the classification of some subobject codes appear to have occurred between FY10 and FY11. Total appropriations by subobject code may not account for changes to the budget made by the General Assembly.

<sup>a</sup> Excludes wages. <sup>b</sup> Includes payments to authorities, districts, or other entities such as the Northern Virginia Transportation Authority and Hampton Roads Transportation Commission. <sup>c</sup> Includes merchandise for resale; office supplies, gas and other fuels; and medical and laboratory, repair and maintenance, and other supplies. <sup>d</sup> Includes auditing, fiscal, attorney, personal development, public relations, and other services.

## Appendix H: Total federal funding in Virginia's budget

The majority of federal funding received and appropriated by Virginia is accounted for in the federal trust fund category. However, federal funds for the Virginia Department of Transportation, Virginia's higher education institutions, and the Virginia Employment Commission are budgeted separately. The table below identifies the federal funds that have been appropriated by the General Assembly during the 10-year period under review.

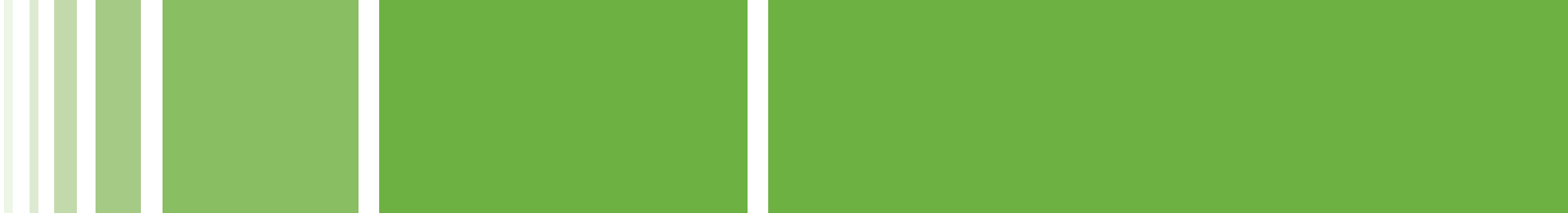
**TABLE H-1**  
**Federal funding in Virginia's budget, by agency, FY10–FY19 (\$M)**

Agency	Fund category	Appropriation		Average annual growth	
		FY10	FY19	\$	%
VDOT	Commonwealth Transportation	\$832.4	\$1,127.1	\$32.7	4.2%
Higher education institutions	Higher Education Operating	993.1	1,026.9	3.8	1.6
VEC	Trust and Agency	118.5	124.3	0.6	1.1
All others	Federal Trust	6,814.2	10,100.6	365.1	4.7
<b>Total federal funds</b>		<b>\$8,758.3</b>	<b>\$12,378.9</b>	<b>\$402.3</b>	<b>4.1%</b>
<b>Total non-general funds</b>		<b>\$22,380.4</b>	<b>\$36,799.2</b>	<b>\$1,602.1</b>	<b>5.8%</b>

SOURCE: Appropriation Acts, 2010–2019.

NOTE: Appropriations not adjusted for inflation. The Federal Trust Fund also includes a relatively small portion of federal highway funds for transportation (\$1.2 million in FY10 and \$7.6 million in FY19). Numbers may not sum because of rounding.





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